



PRESS RELEASE

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IRS – Criminal Investigation

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North Carolina Man Sentenced to Prison for Bankruptcy and Tax Fraud

A Burlington, North Carolina, man was sentenced today to 24 months in prison for bankruptcy fraud and tax fraud, announced Acting Assistant Attorney General Caroline D. Ciraolo of the Department of the Justice's Tax Division and U.S. Attorney Ripley Rand of the Middle District of North Carolina.

"The department, working with our partners within the IRS, is committed to identifying and prosecuting individuals who lie to or mislead the IRS in an effort to obstruct tax administration and evade the assessment or collection of tax due," said Acting Assistant Attorney General Ciraolo. "Our system of voluntary compliance only works if individuals like Mr. Blackwell, who abuse the system and cheat their fellow citizens, are held accountable for their criminal conduct."

"The fraudulent use of bankruptcy and other court proceedings to steal from taxpayers is of grave concern, and the U.S. Attorney's Office remains vigilant in the effort to hold accountable those who would defraud the government," said U.S. Attorney Rand.

According to court documents, Faiger Blackwell, 59, owned several businesses, including a funeral home, in North Carolina. In 2007, Blackwell filed for bankruptcy for himself and his funeral home after accumulating more than \$300,000 in outstanding federal taxes and more than \$1 million in other debts. During the bankruptcy proceedings, Blackwell concealed rental income from the bankruptcy court and instead used the money to pay for business and personal expenses. In July 2009, after the Internal Revenue Service (IRS) levied one of Blackwell's business bank accounts, he set up another company that was created for banking purposes only and corresponding bank accounts in order to divert funds and circumvent the levy. Blackwell concealed these funds from the bankruptcy court, the IRS, and other creditors and used them to pay for business and personal expenses, including a cruise. Blackwell pleaded guilty in November 2015 to one count of concealment of assets from a bankruptcy estate and one count of impeding the due administration of the internal revenue laws.

In addition to the prison term, Chief U.S. District Court Judge William L. Osteen Jr. for the Middle District of North Carolina ordered Blackwell to serve three years of supervised release following his prison term and also ordered him to pay \$404,619.29 in restitution.

"Today's sentencing of Mr. Blackwell for bankruptcy fraud sends a clear signal for those who may be considering similar actions," said Special Agent in Charge Thomas J. Holloman III of IRS-Criminal Investigation, Charlotte Field Office. "The bankruptcy system is based on a debtor making a full disclosure of all assets and liabilities. When individuals use this system to evade their debt obligations to the government and their creditors, they are engaging in criminal activity. IRS-Criminal Investigation is proud to work with our law enforcement partners by lending its expertise in these complex financial investigations."

Acting Assistant Attorney General Ciraolo and U.S. Attorney Rand commended special agents of IRS-Criminal Investigation, who investigated the case and Assistant U.S. Attorney Frank Chut of the Middle District of North Carolina and Trial Attorney Nathan Brooks of the Tax Division, who prosecuted the case.

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